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March 23, 1937

T H E H O G S I T U A T I O N
- Spring Outlook Issue -

This issue, which has been prepared with particular reference to the report of farmers' intentions to plant as issued March 19 by the Crop Reporting Board of the Bureau of Agricultural Economics, brings to date the 1937 outlook for hogs, which was issued by the Bureau in cooperation with Federal and State extension workers last November.

SUMMARY

Hog prices during the remainder of the current hog marketing year ending September 30, 1937, probably will average somewhat higher than a year earlier. From March through September 1936, the average price of hogs slaughtered under Federal inspection was \$9.90. Little change in hog prices is expected during the next 2 months, but the advance in prices in the summer months probably will be at least as great as the usual rise in that period.

Inspected hog slaughter during the remainder of the 1936-37 marketing year probably will be smaller than in the corresponding period of 1935-36. Most of this probable decrease in slaughter is likely to occur during the period from June to September. The expected decrease in hog slaughter, however, will be more than offset by the increase over a year earlier in storage stocks of hog products now on hand. On March 1, 1937, the increase in stocks of pork and lard over a year earlier was equivalent to the products obtainable from nearly 2,300,000 hogs of average market weight.

Consumer demand for hog products thus far in 1936-37 has been somewhat stronger than in 1935-36. A continuation of this stronger demand is probable

during the remainder of the current hog marketing year. On the other hand, foreign demand for American hog products is not likely to show much improvement during the remainder of 1937 over the low level of the past 2 years. The increase in domestic consumer demand over that of a year earlier, however, will offset, or more than offset, the effect on hog prices of the expected increase in total supplies of hog products for the remainder of the marketing year.

The total supply of feed grains per head of livestock on farms probably is now no larger than it was 2 years ago following the 1934 drought. The corn supply apparently is smaller.

In the Western Corn Belt, where the effects of the 1936 drought were most severe, the supply of corn per hog on farms on January 1, 1937 was about 40 percent smaller than 2 years earlier. Any considerable increase in hog production in this region, the most important hog producing area, is dependent upon the return of corn production to something like a normal level. Even if an average, or better than average, corn crop is produced in the Western Corn Belt this year, it is hardly likely that hog production will approach levels comparable with the 5-year (1929-33) average for several years.

If hog prices continue relatively high and if conditions favorable for the increased acreage of feed crops continue, some expansion in hog production in areas outside the Corn Belt is probable.

The acreage of corn and other feed grains which farmers intend to plant in 1937 is somewhat larger than the harvested acreage of these crops in 1936, according to acreage intentions report as of March 1, 1937. If these intentions are carried out and if normal weather conditions prevail, the production of corn

than
this year will be much larger than last year but smaller/average. Such an increase in corn production doubtless would be followed by a material increase in the number of pigs produced in the fall of 1937 and the spring of 1938.

REVIEW OF RECENT DEVELOPMENTS

Background.- Hog prices in the marketing year 1935-36 averaged higher than in any year since 1923-29, and were more than double those of 1932-33. The rise in hog prices from 1932 to 1936 was due partly to the improvement in consumer demand for meats and partly to the very small slaughter supplies of hogs occasioned by the drought of 1934. From late September to late October 1936, hog prices declined seasonally but prices advanced steadily from late November to early January when the weekly average price of hogs at Chicago reached \$10.41. Prices declined during the remainder of January.

Hog prices change little in February

From late January to early March hog prices fluctuated within a relatively narrow range. The average price of hogs at Chicago in February of \$10.03 was slightly lower than the average of the preceding month. Although slaughter supplies of hogs in February were smaller than in January the effect of this decrease in supplies on prices apparently was largely offset by the relatively large stocks of hog products on hand.

Temperatures in Eastern consuming markets continued unseasonably warm during February and early March, and prices of hog products showed little strength during the month.

Hog slaughter in February larger than a year earlier

Inspected slaughter of hogs in February, totaling 2,842,000 head, was 13 percent smaller than that of January but 23 percent larger than a year earlier. In every month thus far in the current marketing year, hog slaughter has exceeded that of the corresponding month a year earlier.

Slaughter supplies of other livestock were unusually large from October to February. Inspected hog slaughter in this period was 43 percent greater than in the corresponding months a year earlier, 2 percent larger than in 1934-35, but it was about 13 percent smaller than the 5-year, (1929-30 to 1933-34) average for the period. The increase in hog slaughter from October through February compared with this period a year earlier, was partly the result of the larger spring pig crop in 1936 than in 1935 and partly the result of early marketings of hogs which occurred because of the short supplies and high prices of feed grains brought about by the 1936 drought.

In 1934-35, following the drought of 1934, inspected hog slaughter was fairly large from October through December, and slaughter during that period represent an unusually large proportion of the winter and yearly slaughter totals. After December 1934 slaughter of hogs was sharply reduced continuing very small during the remainder of the 1934-35 marketing year. From October through December this year slaughter was slightly larger than in 1934-35 and since December it has not declined so much as in 1934-35. Although the slaughter for the October-December period in 1936-37 will constitute a greater-than-average proportion of the winter and yearly totals, it is not likely that these proportions will be so large as in 1934-35.

Average weights of hogs slaughtered have been nearly as light as in 1934-35 and much lighter than a year earlier. Average weights, however, have increased somewhat more from October to February this year than they did in the corresponding period of 1934-35. These lighter average weights have been the result of the short supplies of feed grains and the high prices of these grains in relation to hog prices. The ratio between hog prices and corn prices in recent months has been slightly higher than it was in 1934-35 but it has been considerably lower than in 1935-36 and much below average.

Storage stocks large

Storage stocks of hog products continued to increase during February although the increase was somewhat less than in other recent months. Stocks of pork on March 1, totaling 774,000,000 pounds, were 5 percent larger than a month earlier, 71 percent greater than a year earlier, and 18 percent larger than the 5-year March 1 average. Stocks of lard on March 1, totaling 202,000,000 pounds, were 11 percent larger than on February 1 and were the largest for March 1 on record. The increase in storage holdings of pork and lard on March 1 over those of a year earlier, equivalent to the products of about 2,800,000 hogs of average market weight, is one of the major factors in the present hog situation.

The storage situation thus far in 1936-37, following the 1936 drought, has been somewhat different from that of 1934-35, following the 1934 drought. At the beginning of the storage season, November 1, 1934, storage stocks of hog products were about average. Such stocks increased materially from November 1, 1934 to January 1, 1935, but did not increase during January and February as they usually do. On November 1, 1936, stocks of hog products were considerably below average, but they increased sharply in November and December and continued to increase in January and February. At the beginning of March they were much larger than 2 years earlier.

From October 1 to March 1, 1936-37 the increase in storage stocks of pork and lard was equal to about 17 percent of the total dressed weight of hogs slaughtered under Federal inspection during the period. In the corresponding period of 1934-35 the increase in stocks of pork and lard was equal to about 5 percent of the total dressed weight of inspected slaughter.

Storage holdings of pork, lard, and cottonseed oil on March 1,
average 1932-36, annual 1935-37, and February 1, 1937

Item	Mar. 1 : average : 1932-36	Mar. 1, : 1935	Mar. 1, : 1936	Feb. 1, : 1937	Mar. 1 : 1937 <u>1/</u>
	1,000	1,000	1,000	1,000	1,000
Pork:	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
Frozen.....	180,485	218,337	101,724	321,688	325,884
Dry salt, cured :					
and in process :					
of cure	95,617	73,675	82,078	75,559	82,964
Pickled, cured :					
and in process :					
of cure	378,636	374,586	267,616	341,295	365,049
Total	654,738	666,598	451,418	738,522	773,897
Lard	103,202	110,197	78,725	182,709	202,460
Cottonseed oil <u>2/</u>	841,968	673,407	652,901	641,501	697,821
<u>1/</u> Preliminary. <u>2/</u> Bureau of the Census. Crude and refined oil expressed in terms of crude oil.					

Exports of hog products small in 1936-37

Exports of hog products thus far in 1936-37 have been near record low levels. Exports of pork for the period October to January totaled only about 19 million pounds which was slightly smaller than in 1935-36, and much smaller than in earlier years. Exports of lard for the same period amounted to about 38 million pounds which was 10 million pounds larger than in the corresponding months in 1935-36, but was much smaller than the lard exports^{for} the corresponding period in other recent years. The low level of exports is partly the result of short supplies and relatively high prices for hog products in this country. However, it is also partly due to restrictions on imports of hog products in European countries and to the generally weak foreign demand for American hog products which has developed during the past decade as a result of increased European hog production.

Restrictions on imports of cured pork in Great Britain are being continued, and because of foreign exchange difficulties Germany has taken only small quantities of American hog products in the last 2 years. Hog production in Germany also is at a very high level, with the number of hogs in that country at the end of 1936 the largest for that period of the year on record. Since Great Britain and Germany have in the past represented the chief foreign outlets for United States hog products, no immediate nor significant upturn in the exports of these products is now in prospect.

Numbers on farms January 1

The number of hogs on farms on January 1, 1937 was estimated to be 42,774,000 head, or about the same as on January 1 a year earlier, but about 10 percent larger than on January 1, 1935. Except for 1935, however, the number on farms at the beginning of the present year was the smallest in more than 35 years. The number on January 1 this year was larger than a year earlier in all regions except in the West North Central States, where the number was 15 percent smaller. Increases over last year ranged from 7 percent in the South Central States to 19 percent in the Western States, with the number in the East North Central States being 8 percent larger.

Hogs on farms January 1, by geographic divisions, 1933-37

Year	United States	North Central States			Other States
		East	West	Total	
	Thousands	Thousands	Thousands	Thousands	Thousands
1933	62,127	14,716	28,695	43,411	18,716
1934	58,621	14,289	26,778	41,067	17,554
1935	39,004	9,921	14,616	24,537	14,467
1936	42,837	11,069	16,983	28,052	14,785
1937 <u>1/</u>	42,774	11,946	14,527	26,473	16,301

1/ Preliminary.

The decline in hog numbers in the West North Central States during the last year was a reflection of the very severe drought and the greatly reduced corn crop in 1936. Corn production in 1936 in this area was even smaller than in 1934. The accompanying table shows the number of hogs on farms on January 1 by important regions for the years 1933-37. From January 1, 1933, to January 1 this year, the number of hogs on farms was reduced by more than 19 million head. More than two-thirds of this reduction occurred in the West North Central States. In the East North Central States the decrease from 1933 to 1937 amounted to 3 million head and in the areas outside the North Central States the decrease was only about 2 million head.

On January 1, 1933, the number of hogs in the West North Central States represented 46 percent of the United States total, but by January 1, 1937, this proportion had been reduced to 34 percent, the smallest in the last 18 years at least.

OUTLOOK

Background.- The 1936 spring pig crop was about 30 percent larger than that of 1935, and despite the severe drought the 1936 fall pig crop was 6 percent larger than that of a year earlier. On the basis of the total pig crop of 1936, it was indicated in earlier reports of this Bureau that inspected hog slaughter in 1936-37 probably would be about 35 or 36 million head, or from 12 to 16 percent greater than the slaughter of 1935-36. It was also stated that the effect of this increase upon hog prices probably would be largely offset by the improvement in domestic consumer demand for hog products. Thus it was stated the yearly average of hog prices for 1936-37 would be about the same or slightly higher than the average for 1935-36. The December 1936 pig crop also indicated that the number of sows to farrow in the spring of 1937 probably would be about 5 percent smaller than the number farrowing in the spring of 1936.

Slaughter supplies of hogs probably will increase seasonally during late April and May as marketings from the 1936 fall pig crop begin in large volume. Ordinarily, most fall pigs are marketed from April through September with the peak of marketings in May or June. The market movement of fall pigs this year may not follow the usual movement because of the marked shortage in supplies and high prices of feed grains.

Feed supplies small

Total supplies of feed grains in relation to livestock numbers on farms apparently are now no larger than 2 years earlier and the supply of corn is smaller.

The accompanying table shows the supply of corn on hand in relation to the number of hogs on farms of crop and livestock correspondents reporting to the Bureau of Agricultural Economics for January 1, 1933-37. In all regions the number of bushels of corn per hog on farms on January 1, 1937, was much below average and even smaller than 2 years earlier, following the drought of 1934. In the West North Central States (Western Corn Belt) where the effects of the 1936 drought were most severe, the supply of corn per hog on January 1 this year was nearly 40 percent smaller than on January 1, 1935. In view of this shortage of feed grains it is evident that hog producers will not be able to follow their usual feeding and marketing practices during the next 6 months at least.

Supply of corn per hog on farms, by regions, January 1, 1933-37

Region	1933	1934	1935	1936	1937
	<u>Bushels</u>	<u>Bushels</u>	<u>Bushels</u>	<u>Bushels</u>	<u>Bushels</u>
North Central:					
East	34.4	29.7	28.8	43.9	23.6
West	31.7	27.5	15.9	24.8	9.8
Total	32.6	28.3	21.1	32.3	16.0
North Atlantic	43.8	44.4	67.2	61.9	52.7
South Atlantic	24.2	27.6	30.8	35.5	30.7
South Central <u>1/</u>	24.0	21.7	26.4	27.1	24.6

Based on reports received by the Bureau of Agricultural Economics from its crop and livestock correspondents.

1/ Excluding Texas.

In general, hog producers are likely to follow either of two courses in marketing their fall pigs. They may endeavor to finish such pigs and market them as rapidly as they reach marketable weights in the spring and early summer. This is likely to be the course adopted in the Eastern Corn Belt and elsewhere where the supply of feed grains has not been so greatly reduced. Secondly, if pasture and crop conditions this spring are favorable, a large number of fall pigs may be carried on pasture with little or no grain and finished for market on the new crop of small grains which will become available in the late summer and on the new corn crop in the fall. This probably will be the course followed by many producers in the Western Corn Belt, where feed supplies are of record small proportions. If these two courses are followed by a large number of producers, marketing of fall pigs probably will be fairly large in April and May and relatively small from June through August, with increasing supplies in September and October.

If crop prospects are favorable this year, it is probable that the number of sows bred for fall farrow will be considerably larger than a year earlier, and the retention of an increased number of sows for breeding will decrease hog marketings in the late summer and early fall. Hence, with favorable corn crop prospects it appears that hog slaughter in the summer months may be smaller than a year earlier despite the increase in the 1936 fall pig crop over that of 1935. Most of this decrease in slaughter, however, is likely to occur after June.

Larger supplies of hog products for remainder of 1936-37

As indicated in earlier reports, it is probable that inspected hog slaughter for the marketing year ending September 30, 1937, will be between 34,500,000 and 36,500,00 head. From October through February 1936-37 inspected

slaughter totaled 18,800,000 head. Thus slaughter during the remaining months of the marketing year probably will range from 16,000,000 to 17,500,000 head. In the same period last year, when drought conditions caused considerable liquidation of spring pigs and sows in the summer and early fall, inspected slaughter amounted to about 17,800,000 head. In the corresponding period of 1935 it was about 13,200,000 head.

In any event, it appears probable that the total supplies of hog products, including both hogs to be slaughtered and present storage stocks, during the remainder of the present marketing year up to September 30, 1937, will be somewhat larger than in the corresponding period of 1935-36 and much larger than in the same period of 1934-35.

Larger feed-grain acreage indicated for 1937

According to acreage intentions report as of March 1, 1937, the indicated acreage of feed grains for harvest in 1937 was about 5 percent greater than the acreage harvested in 1936 but about 9 percent smaller than the 1928-32 average. The indicated acreage of corn, the principal feed grain for 1937, was nearly 95,000,000 acres, or 2 percent larger than the harvested acreage in 1936 but 8 percent smaller than the 1928-32 average. In the North Central States the corn acreage intended for 1937 was about 5 percent larger than the harvested acreage of 1936.

If the intentions as reported about March 1 are carried out and if weather conditions are fairly normal, corn production this year will be much larger than last year, although smaller than average. Under such conditions a considerable increase will occur in the 1937 fall pig crop and in the 1938 spring pig crop.

Domestic demand for hog products continues to improve

Consumer demand for pork and lard has improved materially since 1933, when the depression low point was reached. On the basis of retail prices at New York and the domestic disappearance of federally inspected hog products, consumer expenditures for such products in the first 4 months of the 1936-37 marketing year was 9 percent greater than a year earlier and 17 percent greater than 2 years earlier. This improvement in consumer demand has been brought about by increases in employment, payrolls, and in national income generally in the last 3 years. It is expected that the present level of demand will be maintained during the remainder of 1937, with some further improvement not unlikely.

Hog prices probably will not change greatly during the next 2 months. Current large storage stocks of hog products probably will not be reduced materially before June, but it is expected that the seasonal increase in slaughter supplies of hogs in late April and May will not be large. Also the further improvement in consumer demand for meats now in prospect will

largely offset the expected increase in slaughter and the large storage stocks during the next 2 or 3 months. As already indicated, if corn crop prospects are favorable this year, hog slaughter in late summer probably will be relatively small compared with that of the early summer. Consequently, the advance in hog prices during the summer months probably will be at least as large as usual.

For the entire period, March through September, the average price of hogs probably will average somewhat higher than in the corresponding months a year earlier. The effect of the increase in total supplies of hog products for this period upon hog prices probably will be offset, or more than offset, by the expected improvement in domestic demand compared with last year.

Supplies of hogs and hog products, specified periods

Item	Unit					Oct. - Sept.		Oct. - Jan.	
		Jan.	Dec.	Jan.	Average:				
		1936	1936	1937	1928-29:	1934-	1935-	1935-	1936-
					to	35	36	36	37
					1932-33:				
Inspected slaughter <u>1/</u>	Thou-								
	sands	3,428	4,681	3,519	46,363	30,680	31,022	10,860	15,984
Live weight:									
Average	Pounds:	229	215	217	231	220	232	229	214
Total	Mil.lb:	785	1,008	765	10,723	6,742	7,191	2,482	3,422
Dressed weight:									
Average	Pounds:	174	161	162	175	164	175	172	159
Total	Mil.lb:	595	751	570	8,069	5,012	5,402	1,863	2,537
Yield of lard per									
100 lbs. live weight									
of hogs	Pounds:	12.3	11.7	11.9	15.2	11.6	12.1	11.0	11.5
Production of lard	Mil.lb:	96	118	90	1,630	790	870	276	392
Apparent consumption:									
Pork, including lard	"	450	505	455	7,171	5,102	5,124	1,630	2,043
Lard	"	63	72	45	961	730	712	217	274
Exports: <u>2/</u>									
Pork	"	5	4	4	211	104	69	21	19
Lard	"	10	9	9	657	142	101	29	39
Imports of pork <u>2/</u>	"	2	6	6	6	7	32	6	19
Proportion of sows in									
inspected slaughter <u>3/</u>	Percent	44.6	47.9	48.0	51.2	51.3	52.0	48.4	49.4

1/ Bureau of Animal Industry.

2/ U. S. Department of Commerce. Pork includes bacon, hams and shoulders, and fresh, canned, and pickled pork. Lard includes neutral lard.

3/ Includes gilts.

Prices of hogs and hog products, specified periods

Item	Unit					Oct. - Sept.	Oct. - Feb.		
		Feb.	Jan.	Feb.	Average	1934-	1935-	1935-	1936-
		1936	1937	1937	1928-29 to 1932-33	35	36	36	37
	:Dollars								
Average price:	:per 100								
7 markets	: lbs.	10.05	10.04	9.88	3/	8.18	9.64	9.52	9.62
Chicago	: "	10.37	10.24	10.08	6.99	8.42	9.90	9.79	9.86
U.S. average price	:								
received by farmers	: "	9.34	9.40	9.19	6.48	7.54	9.15	9.01	9.12
Prices of hog products	:								
Chicago:	:								
Loins, 8-10 lbs.	: "	19.90	18.76	18.81	17.07	20.08	21.21	20.85	18.39
Hams, smoked, reg. No. 1:									
10-12 lbs.	: "	25.10	23.38	23.46	20.31	21.62	26.58	27.46	23.41
Bacon, smoked,	:								
No. 1 dry cure, 6-8 lbs	: "	30.12	27.62	27.59	23.71	28.24	30.86	32.50	27.36
Lard, refined,	:								
H.W. tubs	: "	12.06	14.00	13.30	9.68	14.29	12.65	13.64	13.20
Composite wholesale	:								
price of hog products	:								
New York	: "	20.84	20.99	20.55	17.36	20.49	21.93	22.87	20.56
Average price of No. 3	:Cents								
yellow corn, Chicago,	:per bu.	61	112	111	62	86	74	65	108
Hog-corn price ratio 1/:									
Chicago	:Bushel	16.9	9.1	9.1	11.6	9.9	14.1	15.3	9.1
North Central States:	: "	19.3	9.4	9.0	12.9	10.0	15.8	17.4	9.3
Proportion of packing	:								
sows in total packer	:								
and shipper purchases	:								
7 markets 2/	:Percent	4.0	4.0	4.0	3/	3/	16.0	9.0	6.0
Average weight at 7	:								
markets	:Pounds	228	218	223	3/	229	241	233	215
	:								
	:								

1/ Number of bushels of corn equivalent in value to 100 pounds of live hogs.

2/ Monthly figures computed from weekly averages.

3/ Not available.

Copies of "Agricultural Statistics, 1936" Available

A limited number of copies of "Agricultural Statistics, 1936" are still available. This 420-page printed volume contains statistics which cover practically all of the important farm products of the United States. The statistics relate to acreage, production, farm price, farm value, and foreign trade of the principal commodities. Copies may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 50 cents each.

HOGS : PRICE AT CHICAGO AND FEDERALLY INSPECTED SLAUGHTER, 1934 TO DATE

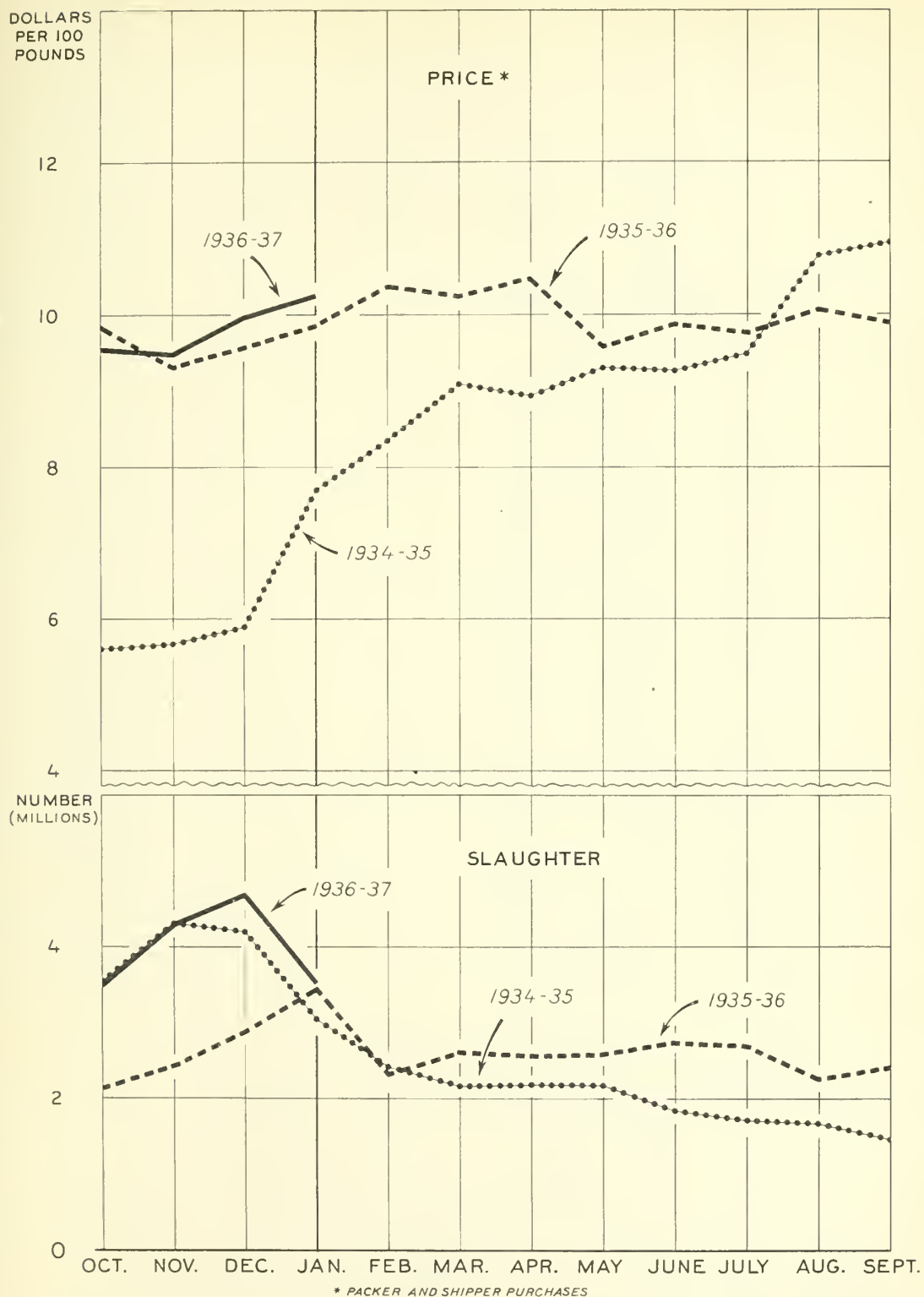
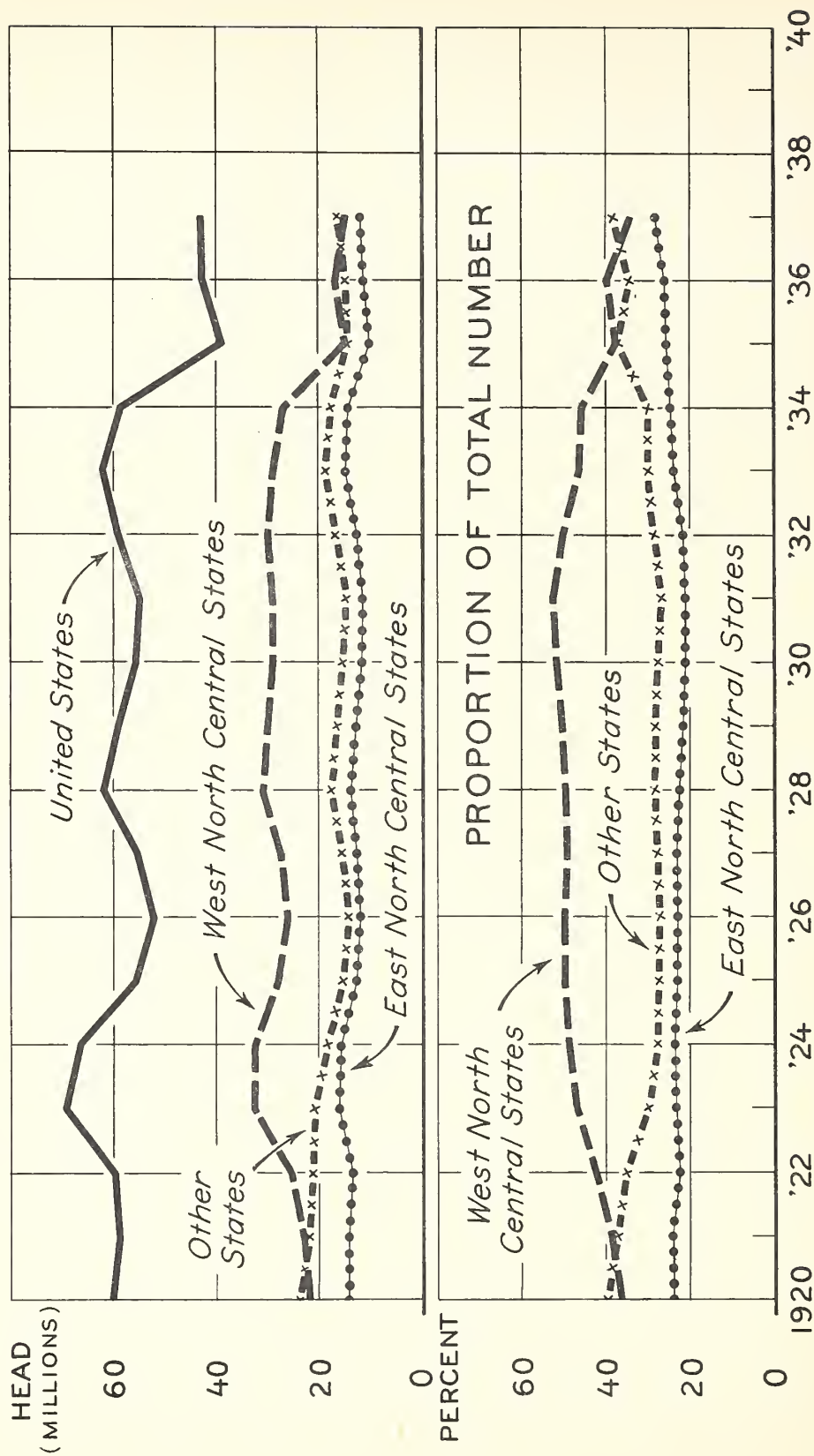


FIGURE 1

HOGS: NUMBER ON FARMS JANUARY 1, UNITED STATES AND BY GEOGRAPHIC DIVISIONS, 1920 TO DATE



1937 DATA ARE PRELIMINARY

FIGURE 2